THE NORDIC MODEL

Embracing globalization and sharing risks

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PREFACE

This report is a joint product of its authors. We had several discussions and out of these emerged a shared interpretation of the essential features of the Nordic model and of the challenges it is facing. The group is similarly in agreement on the need for reform and on the main directions that reform should take.

The group is for me a “dream team”; all those who were approached joined the team. Seppo Honkapohja has acted as chairman. The participants are eminent economists and thoroughly familiar with the policy issues confronting the Nordic countries. This report should be of considerable interest to all those who want to have a good understanding of the Nordic model.

Pasi Sorjonen and other staff from ETLA have assisted the group in its work. The efficiency and speed of the editing by Kimmo Aaltonen and Laila Riekkinen has been amazing. We are grateful to a number of colleagues for their help and advice.

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Bengt Holmström is the Paul A. Samuelson Professor of Economics in the Department of Economics at MIT. He has a joint appointment with MIT’s Sloan School of Management. He has worked on the theory of the firm, particularly in the areas of contracting and incentives. His recent research has focused on corporate governance, as well corporate liquidity management and the demand and supply of liquidity in financial markets. Holmström is a fellow of the American Academy of Arts and Sciences, the Econometric Society, the European Economic Association and the European Corporate Governance Institute. He is a Research Associate of the National Bureau of Economic Research (NBER) and a member of the executive committee of the Center for Economic Policy Research (CEPR). He has served on the board of Kuusakoski Oy (recycling) since 1989 and Nokia Oyj (mobile telecom) since 1999.

Seppo Honkapohja (D.Soc.Sc., University of Helsinki, 1979) has been professor of economics at Turku School of Economics and Business Administration in 1987–1991 and at the University of Helsinki in 1992–2003, and is currently professor of international macroeconomics at the University of Cambridge. He has also served as Academy Professor in the Academy of Finland and has held visiting academic appointments in the US and other countries. In the beginning of 2008 he will become Member of the Board of Governors of the Bank of Finland. He is a member of Academia Europaea, of the Finnish Academy of Science and Letters, a Fellow of the Econometric Society and a Fellow of the European Economic Association. Honkapohja is an active participant in

Hans Tson Söderström was from 1970 until 1984 Research Fellow, Senior Fellow and finally Deputy Director at the Institute for International Economic Studies at Stockholm University. Between 1985 and 2002 he served as President and CEO of SNS – the Swedish Center for Business and Policy Studies. Since 1992 Hans Tson Söderström has served part time as Adjunct Professor of macroeconomic analysis and policy in the Department of Economics at the Stockholm School of Economics (SSE). In 2004 he returned full time to SSE to become President and CEO of the school's executive education branch. Professor Söderström's main area of research is macroeconomic policies in small open economies. He has produced a number of scientific papers and textbooks in the area and has also served widely as policy advisor. Between 1985 and 1995 he was chairman of the SNS Economic Policy Group with annual reports on Swedish economic policy.

Juhana Vartiainen, pol.dr., leads the Research Division at the National Institute for Economic Research (Konjunkturinstitutet), Stockholm and is a part time associate professor (docent) at Åbo Akademi, Finland. In 2003–2005 he was the director and executive officer of the Trade Union Foundation for Economic Research, Stockholm. Juhana Vartiainen has been engaged in macroeconomic research, including the history of macroeconomic policy in Finland and Sweden, as well as microeconometric studies of the labour market, the gender wage gap and the economics of collective wage agreements in the Nordic countries.
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